



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

January 10, 1997

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William F. Caton
Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20544

JAN 10 1997

**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY**

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RE: CC Docket 96-45

Dear Mr. Caton:

The Office of Insular Affairs submits this letter in response to the recommendations of the Federal-State Joint Board on Universal Service, as well as to comments of selected parties filed in the above-referenced proceeding.

The Department of the Interior believes that the Commission's universal service policies have great potential for improving the social, economic, and political ties between the United States Pacific insular areas and the rest of the United States. We believe that rural and insular areas such as the Commonwealth of the Northern Mariana Islands and Guam will benefit from the expansion of the Commission's current universal service policies, as required by the Telecommunications Act of 1996.

We applaud the comprehensiveness both of the Federal-State Joint Board's recommendations regarding universal service, as well as the Commission's work in furthering these programs, and support many of the proposals of the Federal-State Joint Board. However, we believe that the expansion of current universal service programs must address the specific needs of the United States insular areas in order to be fully successful.

We concur with the comments and recommendations made to the Commission by the Commonwealth of the Northern Mariana Islands (CNMI) and Guam on December 19, 1996, and urge the Commission to consider implementation of them.

In particular, we submit the following observations.

- O It is our position that the Commission take steps to assure that true toll-free 800 services are available to consumers in the CNMI and Guam. At present, most 800 services that are offered on a toll-free dialing basis within the contiguous U.S. are not available free of

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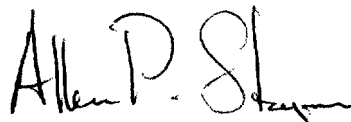
charge to consumers in the CNMI and Guam due to the high cost of routing these calls to the mainland 800 network. To reach such services, consumers in the CNMI and Guam typically must make "paid access" calls using the dialing prefix "880." Such paid access calls result in a charge, assessed at the direct-dial rate, for the telecommunications link between the United States Pacific insular areas and Hawaii, at which point the calls enter the United States domestic 800 network. We, therefore, request that the Commission afford sufficient universal service support that 800 service be provided free of charge to call-originating end users in the United States Pacific insular areas as we believe the insular areas should be afforded the same 800 toll free service as the rest of the United States.

- O We request that the Commission provide that paid-access 880 calls will be available on an interim basis once the CNMI and Guam are included in the North American Numbering Plan. The CNMI and Guam are scheduled to join the NANP on July 1, 1997. We believe it is crucial for the Commission to allow continued 880 dialing until universal service support is provided or the Commission revisits this matter in a future proceeding.
- O As a general matter, we believe that the Commission must consider subscribership levels, as well as the other factors listed by the Commission, when determining what rate levels are "affordable" to groups of consumers such as those in the U.S. Pacific insular areas. As the insular areas have recommended, we urge the Commission to alter the discount methodology to calculate the support levels for schools and libraries so that any subsidies will reflect the per capita income of the recipients. We urge the Commission to make clear that rates that are not affordable or reasonably comparable will be supported by universal support service mechanisms.
- O The Commission must consider a unique solution that will address the expensive and unusual costs of the insular areas in determining the universal service support for health care providers. The Joint Board's definitions of "rural" and "urban" are highly problematic for the insular areas.
- O We wish to stress that all providers of long distance, interexchange services should be required to contribute to the funding of the federal universal service support programs. We agree with the CNMI's comments that companies such as COMSAT Corporation -- which provides interstate services to U.S. points located in the Pacific -- should not be exempted from making such contributions. Section 252 (d) of the 1996 Telecommunications Act requires that all carriers which provide interexchange services must contribute to universal service funding.
- O Contrary to the Federal-State Joint Board's recommendations, we believe that the Commission should provide the same level of universal service cost support to small, single-line businesses located in insular areas as that granted to residential consumers. In a related matter, we request that the Commission also provide an equal level of universal service support to multi-line businesses located in remote, insular areas.

- O We also support the proposal of the Rural Telephone Coalition that schools and libraries should receive universal service support so that dial-up access to the Internet can be obtained on a "toll free" basis in all parts of the United States, including the insular areas. We believe that all costs related to Internet service should receive support in order that Internet use be genuinely and equally "affordable" to all schools and libraries.
- O Telecommunications, telemedicine, and other data services must be offered in the United States Pacific insular areas at rates no higher than rates charged to public institutions on the mainland United States. The Commission should provide mechanisms to ensure that schools and healthcare facilities with less resources are treated fairly and equitably.
- O We support the "federalization" of the Lifeline and Link Up subscribership programs which we believe will aid consumers living in remote, insular areas.

The expansion of the Federal Communication Commission's universal service programs, as recommended by the Federal-State Joint Board, has great potential for easing the present unaffordability of telecommunications for many residents of the U.S. Pacific insular areas.

Sincerely,


Allen P. Stayman
Director
Office of Insular Affairs

cc: Federal-State Joint Board on Universal Service
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CERTIFICATE OF SERVICE

I, Debbie Subera-Wiggin, do hereby certify that a copy of the foregoing Comments of the Office of Insular Affairs of the U.S. Department of the Interior was sent by first class United States Mail or by hand delivery where indicated by an asterisk (*), this 10th day of January, 1997, to the following officials:

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